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SUBJECT: KOSOVO: EMBASSY WELCOMES CONGRESSMAN POMEROY TO KOSOVO

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SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY

11. (U) SUMMARY: Embassy Pristina warmly welcomes Congressman Pomeroy's visit to Kosovo on February 16, 17 and 21. Kosovo is a peaceful and stable country where cooperation between ethnic Albanians and Serbs in southern Kosovo continues to improve. The establishment of four new ethnic-Serb majority municipalities is an important step in securing Serbs' long-term future in Kosovo. This decentralization process must now be deepened. Successful GOK-run November 2009 municipal elections, and Serb voter turnout, are a sign of political maturity and increasing Serb confidence. The Government of Serbia maintains significant influence in northern Kosovo, with parallel government institutions preventing Kosovo institutions from extending Kosovo's legitimate authority across its territory. The economic situation remains gloomy, related to the need to establish respect for the rule of law, and proper legal and regulatory environments. END SUMMARY.

KOSOVO AFTER TWO YEARS

12. (U) Your visit to Pristina takes place on the second anniversary of Kosovo's independence. This second year has marked some important foreign policy successes, including Kosovo's admission to the World Bank and the International Monetary Fund and a slowly growing number of other recognitions by other governments. The year also saw the growth and consolidation of critical Kosovo institutions, as the Constitutional Court came into existence and the Central Elections Commission managed Kosovo's first post-independence elections. The important work of decentralization -- initially related to Ahtisaari Plan requirements for establishing Serb-majority municipalities, but really about moving government closer to the people -- began in earnest.

13. (U) You will find a peaceful and stable -- but still fragile -- country where cooperation between Albanians and Serbs throughout southern Kosovo improves daily. In northern Kosovo, the existence of illegal parallel institutions that answer to Belgrade prevents the Government of Kosovo (GOK) from extending its legitimate

authority, but the northern municipalities are generally peaceful. The situation has improved to the point that KFOR has downsized from 15,000 to 10,000 troops as of January 31. As you observe independence day events, you will see Kosovo Albanians celebrating, while Kosovo Serb responses will range from rejection to resigned acceptance. You will want to congratulate the Prime Minister during your meeting, for Kosovo's independence day, but take a more circumspect approach with the Serbs you will meet. Even the ethnic Serb Assembly Members you will see who participate in Kosovo institutions will not wish to over-emphasize the day's significance.

This sharp division on Kosovo's status is also reflected in the GOK's ongoing challenge to gain international recognition of the country's independence. At present, 65 countries have recognized Kosovo, including 22 of 27 European Union (EU) member states.

OUR PRIORITIES

14. (U) We have used the lead-up to Kosovo's independence day to focus our attention on the GOK's most important challenges. The important work of decentralization must continue in 2010: competencies must be transferred from the central to the municipal level; new municipalities must receive adequate resources to succeed; municipal governments must quickly demonstrate their relevance in responding to citizens' needs. The capacity and independence of Kosovo's new law enforcement and judicial institutions must grow and command respect throughout the country. Respect for the rule of law is also the key to needed economic development. Investment and privatization are needed to spur job growth for Kosovo's young and growing population. We regularly emphasize that the right legal and regulatory environment is the key to private sector investment and related economic development. Only by intensifying its dedication to building a democratic, multiethnic

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society where the rule of law prevails will Kosovo become a prosperous country that is capable of taking its place in the Trans-Atlantic family of nations.

KOSOVO ASSEMBLY

15. (SBU) Your visit to Kosovo and your work with the Kosovo Assembly is especially welcome. The Assembly is a nascent institution that still lacks adequate resources and legislative experience, including expertise in legislative drafting and committee operations. Institutional capacity is growing, but the MPs and the Assembly's professional staff need to develop greater experience and expertise. Political relations among the five main parties represented in the Assembly, including between the two coalition partners, are tense. The senior coalition partners, the Democratic Party of Kosovo (PDK) and the Democratic League of Kosovo (LDK), have just emerged from bruising local elections and are in the midst of discussions about a cabinet reshuffle. The opposition parties, (the Alliance for a New Kosovo [AKR], the Alliance for the Future of Kosovo [AAK], and the Democratic League of Dardania [LDD]) are all angling for early national elections. During your meeting with the Speaker of Assembly, Jakup Krasniqi, you can enquire about inter-party dynamics and engage him in a discussion about Kosovo's political culture. Krasniqi will host a meeting for you with the Assembly's Presidency. Each of the five largest parties, plus the Serb Independent Liberal Party (SLS) and one rotating minority seat, have representatives in the Presidency, which sets the Assembly's agenda. During this session, congratulate the representatives for the success of Kosovo's recent municipal elections.

16. (SBU) You will participate in two legislative workshops on February 16 in the Kosovo Assembly. Both workshops will be chaired sequentially by you and coordinated by the National Democratic Institute, which runs a USAID program providing legislative assistance to the Assembly. The workshops will focus on committee hearings and constituent outreach. For the committee hearings workshop, NDI will start with a brief presentation and will then address how parliamentary committee hearings can advance legislative and oversight priorities. The workshop on constituent outreach will address the process of effective constituent outreach and what

lessons can be learned from the experience of the United States Congress. In both sessions, we encourage you to elicit active engagement from the participants. Ask them how the Assembly currently operates, and seek their comments on how they can improve the Assembly's operations. You will find the participants eager to improve their institution.

ELECTIONS: A SIGN OF POLITICAL MATURITY

¶7. (U) The success of Kosovo's November 2009 municipal elections was a sign of the country's maturing democracy. Kosovo held its first post-independence elections last Fall, with Albanian and Serb candidates competing for mayors' offices and seats on municipal assemblies. This was the first time since the end of hostilities that Kosovo administered its own elections. (Note: In previous years, the OSCE implemented elections. End Note) International observers, including teams of Embassy and USG observers, noted that elections generally met international standards. Most refreshing was that Serbs participated in the elections in large numbers and elected Serb mayors in four municipalities: Gracanica, Kllokot/Klokot, Ranillug/Ranilug, and Shterpce/Strpce. You should compliment the Prime Minister on the successful elections. During your meeting with Bojan Stojanovic, the newly elected mayor of Gracanica, praise his courage in volunteering to run a new municipality in the face of opposition from Belgrade. You can engage Stojanovic in a discussion about the continued presence of Serbian parallel institutions that answer to Belgrade.

DECENTRALIZATION AND MUNICIPAL ELECTIONS

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¶8. (SBU) Under the Ahtisaari Plan, the blueprint for Kosovo's independence, Kosovo has an obligation to establish six Serb-majority municipalities. During November's successful municipal elections, four of these "newly-decentralized" municipalities (Gracanica, Ranillug/Ranilug, Kllokot/Klokot, and an expanded Noveberde/Novo Brdo) participated as new political entities. Serbs in these localities went to the polls in much larger-than-expected numbers, and decentralization is off to a good start. The Prime Minister merits recognition for his support -- sometimes in the face of vocal protests from Albanian nationalists -- for the decentralization process. You will meet the new Serb mayor of Gracanica as well as Serb municipal assembly leaders from Gracanica. With Mayor Stojanovich and the municipal assembly leaders, it is appropriate to discuss the intra-ethnic dynamics that exist in their municipality as well the challenges they face in establishing their municipal government. You can assure them that we will continue to support their efforts to establish vital and robust communities that will meet the needs of Gracanica's citizens.

NORTHERN KOSOVO: A WORK IN PROGRESS

¶9. (SBU) Northern Kosovo has not seen the same progress on interethnic reconciliation as the region south of the Ibar River in part because Belgrade has been more successful at maintaining an essentially "frozen conflict" in this Serb-majority region. As a result, the north remains an impoverished, forlorn place where the GOK holds little sway. In an effort to capitalize on the success of decentralization in southern Kosovo, the GOK is cooperating with the International Civilian Office (ICO) to implement a new approach for northern Kosovo that outlines a way forward in winning Serb support in the north for GOK structures and institutions. In Vienna last week, the International Steering Group endorsed this approach, and you should express your encouragement to the President and Prime Minister for progress in the north that brings hope and development to the region. Hardline Serb political and church leaders have opposed the approach, at times using incendiary language to suggest it will provoke conflict, but both UN and EU representatives have told us the communities there are beginning to see new hope for their future in this constructive initiative. The approach

introduces incremental changes in the north that are designed to gradually increase ties with Pristina. You should use the meetings with Serb interlocutors, including your working lunch with Serb media contacts, to inquire about the role the Serb parallel institutions play in Kosovo and explore how the new GOK/ICO strategy for the north can improve the situation in northern Kosovo.

ECONOMIC OUTLOOK REMAINS GLOOMY

¶10. (U) Kosovo's economic situation remains difficult. You will see ubiquitous road building projects, but there is limited foreign direct investment and unemployment hovers around 40 percent. Remittances from Kosovars abroad and foreign assistance constitute a significant portion of the economy. Kosovo's most significant development project is centered on a new power plant as part of the privatization of the Kosovo Energy Corporation. Pre-qualified investors, including international consortia with U.S. participants, have until the end of February to submit sealed bids for the project. When complete, the 500 MW plant will take advantage of Kosovo's rich coal reserves and will put an end to an unstable nationwide power supply that continues to limit development and foreign investment. We are working closely with the GOK to provide expert guidance on renovating the country's dilapidated power grid and to ensure that privatization proceeds according to internationally recognized best practices. In your meetings with all of your interlocutors, highlight the role that the private sector in the United States plays in economic development. Stress the importance of developing policies and regulatory frameworks that spur private sector growth.

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